



L. JOYCE HAMPERS
COMMISSIONER

The Commonwealth of Massachusetts

Department of Revenue

Leverett Saltonstall Building,

100 Cambridge Street, Boston 02204

June 5, 1980

You request a ruling with respect to the Massachusetts income taxation of the U.S. Government Portfolio of the Trust, an open-end diversified investment trust.

The Trust (the "Trust") is a Massachusetts business trust organized under the laws of Massachusetts by an Agreement and Declaration of Trust dated August 21, 1978. The Trust has qualified and intends to continue to qualify as a regulated investment company under Section 851 of the Internal Revenue Code.

The Trust consists of three portfolios which are differentiated in terms of their permitted investments. The Declaration of Trust authorizes the Trustees to issue an unlimited number of full and fractional shares of each of the three portfolios. Each share of each portfolio represents an equal proportionate interest in that portfolio with each other share. Upon liquidation of the Trust, shareholders of each portfolio are entitled to share pro rata in the net assets belonging to their portfolio.

Each portfolio's net interest income will be declared as dividends daily. Dividends shall be payable to shareholders of record at the time of its declaration. Dividends declared are accrued throughout the month and are distributed in the form of additional full and fractional shares on the first day of the following month. Shareholders may elect to receive monthly dividends in cash.

The U.S. Government Portfolio is comprised of interest bearing bonds issued or guaranteed as to principal and interest by the United States Government or its agencies or instrumentalities. The U.S. Government Portfolio investments for recent months included Federal Farm Credit notes, Federal Home Loan Bank notes and Federal Land Bank notes.

Massachusetts General Laws Chapter 62, Section 8(b) states in part that a corporate trust which is a regulated investment company under Section 851 of the Code is not subject to taxation under Chapter 62. Section 8(c) of Chapter 62 provides that dividends received from a corporate trust, which is not subject to taxation, are taxable.

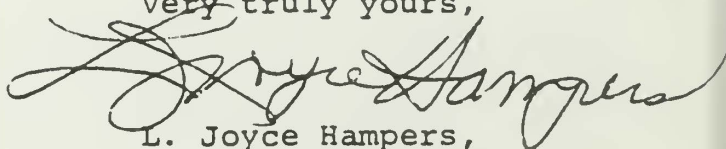
Based on the foregoing it is ruled that:

1. The Trust is a regulated investment company within the meaning of Massachusetts General Laws Chapter 62, Section 8(b) so long as it qualifies as a regulated investment company under Section 851 of the Internal Revenue Code.

2. The Trust is not subject to taxation under Chapter 62 while it qualifies as a regulated investment company within the meaning of Section 8(b) of Chapter 62.

3. While the Trust is not subject to taxation by reason of the ruling in paragraph 2, shareholders of the U.S. Government Portfolio who are subject to Massachusetts income taxation under Chapter 62 must include dividends received from the Trust in their Massachusetts gross income.

Very truly yours,


L. Joyce Hampers,
Commissioner of Revenue

LR 80-34

LJH/RSF/jmcd